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September 9, 1999

Mark Schneider, Legal Advisor
Office of Commissioner, Ness
Federal Communications Commission
445 12th Street S.W.
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: EX PARTE in Interconnection and Resale Obligations Pertaining to
Commercial Mobile Radio Services, CC Docket No. 94-54

Dear Mr. Schneider:

Your office is soon expected to cast a vote on a reconsideration order in the above-captioned wireless resale docket, a decision that will have profound effects, not just on the wireless industry, but on the entire telecommunications industry. MCI WorldCom, Inc. ("MCI WorldCom") strongly urges you to consider the implications of your decision on both the wireless market and on the market for common carrier and Internet services in order to create conditions that maximize the opportunities for all telecommunications carriers to participate in the wireless market.

Markets are dynamic, and public policy should be, too.

In 1996, shortly after the Telecommunications Act of 1996 was passed, and before anyone at the Commission or in the industry fully understood the task ahead, the Commission issued its First Report and Order in the above-captioned docket. That order reflects what MCI WorldCom now believes to be a prehistoric view of wireless resale – that it was a temporary necessity to jump start PCS competition against entrenched cellular licensees.

Whatever merit that explanation had at in the early summer of 1996, adhering to this outdated rationale now, when the Commission could be poised to create the very first vertically integrated telecommunications marketplace in the world, would be a sad mistake. Today, we understand that telecommunications competitors are going to need to offer a vertically-integrated

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bundle of services in order to survive and prosper in the new environment created by the Act. That's good news for consumers who stand to benefit from a wide array of competitors who will differentiate their services – offering both bundled and unbundled services to grow market share, or emphasizing different aspects of service to appeal to different market niches (e.g., enhanced services for both voice and data, price, billing, customer service). Even better news is that there is now a wide array of facilities-based competitors in the form of long distance carriers and competitive local exchange carriers who want an opportunity to deliver value to consumers.

What's missing, for all but a fortunate few, is a wireless license. There simply isn't enough spectrum to license all potential competitors to enable all of them to have their own wireless license. It's been widely reported in the financial press that MCI WorldCom has been reviewing its wireless options. While we have been successful in finding a paging merger partner in SkyTel, our months-long examination of the market has put us no closer to finding a CMRS licensee acquisition. The commercial mobile radio service (CMRS) segment of the telecommunications market is today closely held by our current and future competitors -- AT&T, Sprint, and the Bells.

Telecommunications policy should recognize the dynamics of today's market, by embracing wireless resale as a means of facilitating the participation of a broad number of telecommunications competitors in wireless. The choice is simple. On the one hand, the Commission could carefully calibrate its regulation by market segment according to the presence of a certain number of competitors (e.g., monopolists, duopolists, etc.). This is the view preferred by wireless incumbents, and incumbents generally. Or, it can take the view that any carrier in tomorrow's vertically-integrated marketplace should have the ability, unrestricted by regulatory constraints, to take the marketplace by storm if it has a service that is better, cheaper, or easier to use.

Minimal resale requirements pay large dividends in competition.

Resale was one of the very first innovations introduced by the Commission when it sought to bring competition to the interexchange market. Resale policy has proven to be an enormous success in the long distance industry, and MCI WorldCom also believes it to be an excellent business opportunity for facilities-based carriers like us. The Commission has recognized that resale is a simple means to introduce price discipline to a market and offer choices to consumers. But resale can accomplish much more, especially in the

future environment where carriers will be competing head-to-head for all telecommunications and related services. Innovation by facilities-based competitors operating in adjacent telecommunications markets for local and long distance can contribute to competition, if it is given an opportunity. In addition, wireless resellers are more likely to drive innovation through the market – our ability to be successful in the marketplace depends upon our ability to drive features.

Non-licensee participants need FCC acknowledgement of a few requirements.

Non-licensees such as MCI WorldCom do not recommend that the Commission adopt an elaborate regulatory system for ensuring that competition in wireless continues to evolve. Such a system is unnecessary. There are a few simple requirements that the Commission should establish in its reconsideration order:

- Certainty that there will be a resale business – at minimum, agree to reexamine the telecommunications market, and the role of wireless service in it, before a sunset takes place;
- Protect our customers from losing service at the time of a sunset – licensees must honor existing contracts;
- Remind licensees of their legal obligation to negotiate resale agreements and enforce that obligation promptly;
- Provision of more frequent call and billing data in acceptable electronic formats as a first step toward providing real time information to our customers calling customer service; and
- Unrestricted ability to sell bundled offerings of wireless service, all features and equipment at fair wholesale prices.

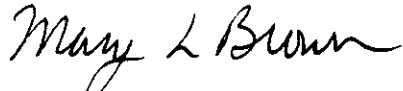
Reinforcement of these basic requirements is needed because these are in fact the tools by which resellers can minimally function.

Commission's legal authority to enforce resale is unassailable.

Resellers are customers who are also competitors. Denying reseller customers the ability to purchase service for resale would constitute the denial of a reasonable request for service in violation of Section 201(b). It would also constitute unreasonable discrimination against reseller customers in violation of Section 202(a). The issue before the Commission, therefore, is one of pure

policy and will reflect the Commission's view of the competitive marketplace in the next few decades. MCI WorldCom urges you to maximize competition by providing resellers an opportunity to add wireless services to their other telecommunications offerings.

Sincerely,

A handwritten signature in cursive script that reads "Mary L. Brown".

Mary L. Brown

CC: Thomas Sugrue
Diane Cornell
Kris Monthieth
Jane Phillips